

## **TGA SAFE HARBOR**

### **(n) ALTERNATIVE COMPLIANCE THROUGH TGA CERTIFICATION AND INDEPENDENT AUDIT.**

(1) Sections (f), (g), (h) and (i) of this regulation shall not apply to any Tribe's Gaming Operation while the Tribe has a gaming ordinance in effect that provides for TGA monitoring and enforcement of Tribal MICS and the following occurs on an annual basis:

(A) The TGA certifies that the Tribal MICS meet or exceed the standards set forth in 25 CFR Part 542 (as in effect on October 19, 2006, or as it may be amended).

(B) The TGA certifies that the Gaming Operation's written system of internal controls comply with the Tribal MICS.

(C) The TGA causes internal audits to be conducted in conformance with the Tribal MICS to test the Gaming Operation's compliance with the written system of internal controls and requires that an Internal Audit Report be prepared, consistent with applicable provisions of the Tribal MICS.

(D) The TGA investigates any exceptions identified in the Internal Audit Report and requires the Gaming Operation to correct any substantiated exceptions in accordance with Section 7.2 of the Compact.

(E) The TGA engages an independent certified public accountant to conduct agreed-upon-procedures consistent with applicable provisions of the Tribal MICS and prepare a report documenting the results of those procedures ("Agreed Upon Procedures Report"). The independent certified public accountant shall be licensed in the state of California to practice as an independent certified accountant or hold a California Practice Privilege, as provided in the California Accountancy Act.

(F) The TGA sends a report to the SGA which describes the status of compliance of the gaming operation with the Tribal MICS. The TGA's annual report to the SGA, shall certify if material compliance with the Tribal MICS has been achieved and shall enclose: (i) the TGA Internal Audit Report; (ii) the Agreed-Upon-Procedures Report, including associated working papers of the independent certified public accountant (unless the requirement of provision of associated working papers is waived by the SGA in writing); and, (iii) any written communications of the independent certified public accountant including management letters regarding weaknesses or deficiencies in internal controls issued in connection with the Agreed Upon Procedures Report, provided however that the written communications shall not include documentation related to any financial review/audit of gaming revenue, or areas outside of the Tribal MICS.

(G) Contracts with independent certified public accountants for the Agreed Upon Procedures Report shall provide that working papers supporting the Agreed Upon Procedures Report shall be made available for review by the SGA upon request. The SGA shall timely notify the Tribe and the TGA of any such request.

(2) If, upon review and within sixty (60) days of receipt of the (i) the TGA certification, (ii) the TGA Internal Audit Report; and (iii) the Agreed-Upon-Procedures Report, and working papers of the independent certified public accountant (unless the requirement of provision of associated working papers is waived by the SGA in writing), prepared in accordance with the Tribal MICS; and (iv) written communication of material weaknesses in internal controls issued by the independent certified public accountant, if any; and/or based on review of the working papers documenting the Agreed Upon Procedures Report, the SGA reasonably determines that there is substantial evidence of material noncompliance with the requirements of the Tribal MICS which bear upon the integrity of the Gaming Operation, the SGA may request a meeting to consult with the TGA regarding the method and means by which the Tribe determines that the Tribal MICS are properly being enforced. The TGA and SGA shall meet within thirty (30) days of a written meeting request from the SGA. The SGA meeting request shall identify its basis for a determination that there is substantial evidence of material noncompliance with the requirements of the Tribal MICS which bear upon the integrity of the Gaming Operation. During this meeting the SGA and TGA shall make good faith efforts to address the issues identified in the SGA meeting request. The SGA may take those actions specified in subsections (g), (h) and (i) of this regulation after this meeting and consultation between the SGA and TGA has taken place for the purpose of resolving outstanding issues which have not been corrected.

(3) Nothing in this section (n) is intended to amend, supersede, or negate any provision of the Compacts. However, satisfaction of this section (n) shall demonstrate compliance with Tribal MICS as provided for in section (b)(2) and/or (b)(3)(A) for purposes of this regulation and for purposes of the Compacts.